HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2010

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2010 and the statements of operations and change in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 30, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2010	2009
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 173,832	$ 248,442
Accounts receivable (Note 5)	48,523	93,954
Accrued interest receivable	120	624
	$ 222,475	$ 343,020
Liabilities:		
Accounts payable	$ 17,038	$ 118,537
Net financial assets (Statement 2)	$ 205,437	$ 224,483

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2010 (Note 7)	Actual 2010	Actual 2009
Revenues			
Deductions	$ 71,114	$ 51,466	$ 75,416
Less: commissions	1,067	852	1,288
Net deductions	70,047	50,614	74,128
Cattle sales (Note 6)	125,000	164,170	193,525
Interest revenue (Note 3)	5,000	720	3,612
Total revenue	200,047	215,504	271,265
Expenses			
Grants	224,250	97,000	90,000
Cattle Research (Note 6)	105,000	119,039	114,406
Administration (Note 9)	15,100	15,000	15,682
Advisory committee honoraria and travel	2,000	3,511	3,184
Total expenses	346,350	234,550	223,272
Surplus (Deficit) for the year	$ (146,303)	(19,046)	47,993
Net financial assets, beginning of year		224,483	176,490
Net financial assets, end of year (Statement 1)		$ 205,437	$ 224,483

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2010	2009
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 50,766	$ 75,595
Receipts from cattle sales	210,007	204,381
Interest and other receipts	1,224	4,463
Payments to suppliers and Advisory committee	(197,357)	(174,646)
Grant payments	(139,250)	(31,687)
Cash flows from (used in) operating activities	(74,610)	78,106
Net increase (decrease) in cash and cash equivalents	(74,610)	78,106
Due from General Revenue Fund, beginning of year	248,442	170,336
Due from General Revenue Fund, end of year	$ 173,832	$ 248,442

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2010

1. Legislative Authority

The Horned Cattle Fund (Fund) continues under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all grant payments from the Fund subject to the approval of the Minister of Agriculture.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers to pay the producers' market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers to remit the $2.00 deducted for each head of cattle less a $0.03 per head dealer commission to the Fund.

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act) was assented to by the Lieutenant Governor of Saskatchewan. This Act contains amendments to the current legislation. Under these amendments, the deductible amount will increase from $2 per head to $10 per head for cattle sold with horns. The increase will be effective when the Act is proclaimed. The Act has not yet been proclaimed.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.

d) Cattle Sales

Cattle are sold on a regular basis from the Fund's cattle herd which are located at the Western Beef Development Centre (WBDC), a division of the Prairie Agricultural Machinery Institute (PAMI). The revenue is recognized as the cattle are sold.

3. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2009-2010 is 0.27% (2009 – 1.95%).

4. Commitments

At year-end, the Fund's Advisory Committee approved future grant expenses totalling $102,890 (2009 - $110,000) for future projects. Included in this amount is:

	2010	2009
University of Saskatchewan	$40,890	$60,000
Prairie Agricultural Machinery Institute	26,500	25,000
Saskatchewan Forage Council	18,000	---
Saskatchewan Stock Growers Association	5,000	---

5. Swift Current Project

The Swift Current Project was established under an agreement with Agriculture and Agri-Food Canada. This agreement has been extended and terminates on October 31, 2013. Under the agreement, Agriculture and Agri-Food Canada carries out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Semiarid Prairie Agricultural Research Centre (Centre). The Centre uses proceeds from the sale of cattle to pay for purchasing new beef cattle, feed, and care of the cattle that it uses in its research. Upon termination of the agreement, the Centre will pay $30,000 to the Fund and the remaining assets will revert to Agriculture and Agri-Food Canada. Included in the Fund's accounts receivable is $30,000 receivable from the Centre.

All activities related to the cattle are those of the Centre and are not shown in these financial statements.

6. Prairie Agricultural Machinery Institute (PAMI)

In September 2007, the Fund entered into an agreement with Prairie Agricultural Machinery Institute (PAMI), a related party, which expired March 31, 2010. Under the agreement the Fund provided its original herd of 300 cattle for PAMI to use. The agreement makes PAMI responsible for the care, feeding, housing, and management of the herd. PAMI shall return to the Province or arrange for sale of 100 cows per year at the option of the Province. PAMI has disposed of all remaining cattle in the original herd of 300 belonging to the Fund. In 2009 there were 99 cattle remaining with an estimated realizable value of $80,176. The proceeds from the sale of the cows and calves belong to the Fund. Per the agreement, the Fund returns proceeds from the sale of calves to PAMI.

During the year, the Fund returned proceeds from the sale of calves to PAMI totaling $119,039 (2009 - $114,406).

7. Budget

The Advisory Committee approved the 2009-2010 budget on January 27, 2009.

8. Financial Instruments

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is exposed to credit risk from the potential non-payment of accounts receivable. However, some of the receivables were collected shortly after year-end, reducing its credit risk.

9. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of $15,000 (2009 - $15,000). In addition, the Fund made grants to the University of Saskatchewan totalling $30,000 (2009 - $30,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

HORNED CATTLE FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	2010	2009
Personal Services:		
Advisory member costs	$ 1,080	$ 1,323
Grants:		
University of Saskatchewan:		
Veterinary Infectious Disease Organization	30,000	30,000
Farm Animal Council of Saskatchewan	7,500	7,500
Prairie Conservation Action Plan Office	7,500	7,500
Forage Council of Saskatchewan	---	18,000
Saskatchewan Society for Prevention of Cruelty to Animals	12,000	12,000
Saskatchewan Stock Growers Association	5,000	5,000
Prairie Agricultural Machinery Institute	25,000	---
Canadian Western Agribition	10,000	10,000
	97,000	90,000
Supplier Payments:		
Prairie Agricultural Machinery Institute	119,039	114,406
Payees under $50,000	17,431	17,543
	136,470	131,949
	$ 234,550	$ 223,272